REMARKS

Claims 1-66 are pending in the application. Claims 19, 21, and 22 stand rejected under 35 U.S.C. 112; and claims 1-66 stand rejected under 35 U.S.C. 103(a).

Claim Amendments

New claims 67-72 are added to clarify the expression of the invention. For example, new claim 67 depending on claim 1 clarifies that receiving the user's designation of a source account for withdrawing funds for the on-line payments involves, for example, receiving the user's designation of a credit card account and designating the withdrawn funds as a purchase on the credit card account. (Spec. p. 13, lines 5-9). Further, new claim 68 also depending on claim 1 clarifies that allowing the user to use the funds in the transaction account for making an on-line payment involves, for example, receiving an email address and payment amount by a payments engine for a recipient from the user at a user terminal via a network. Thereafter, the payments engine notifies the recipient by email at a recipient terminal of the payment and prompts the recipient to enroll for the on-line payments service. If the recipient elects to enroll, the recipient's designation of a recipient account to receive the payment is received by the payments engine, and the payments engine applies the payment amount to the recipient account. Otherwise, if the recipient declines to enroll, the payments engine arranges a courtesy check for the payment amount to the recipient. (Spec. p. 12, lines 3-29). In addition, new claim 69 depending on new claim 68 clarifies that, if the recipient designates a credit card account as the recipient account, the payments amount is applied to the recipient credit card account as a payment. (Spec. p. 13, lines 1-4).

New claim 70 depending on claim 1 clarifies that allowing the user to use the funds in the transaction account for making an international payment involves, for example, receiving a selection via the network by the payments engine from the user at the user terminal of an option for the international payment and the user's selection of an option for either a payment by wire or a payment by check in response to a prompt. If the user selects the payment by wire, banking and wire settlement

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information are received by the payments engine from the user in response to a prompt. Otherwise, if the user selects the payment by check, the payments engine receives information concerning a recipient, a country, a currency, and a payment amount from the user in response to a prompt. Thereafter, the payments engine displays an exchange rate and fee for the payment for the user at the terminal via the network. (Spec. p. 23, lines 10-26).

New claim 71 clarifies an embodiment of applicants' claimed method and system of on-line payments in which the payments engine identifies characteristics of the user from the user's enrollment information indicative of a predefined service level for the user and appends a level indicator for the user to an enrollment file for the user corresponding to the predefined service level for the user. Thereafter, when the payments engine receives the user's designation of a source account for withdrawing funds for the on-line payments service, the payments engine provides a transaction account for the user with a user service level corresponding to the appended level indicator. The user is then allowed to use the transaction account for transactions via the payments engine in response to prompts displayed for the user at the terminal according to predetermined transaction parameters established for the user service level. (Spec. p. 20, lines 14-25).

New claim 72 includes limitations similar to claims 1 and 25-31 depending on claim 1 and clarifies the expression of an aspect of applicant's claimed invention in which the user is allowed to use funds residing in the transaction account for any and all of making an on-line payment, an on-line purchase, a credit card account payment, a bill payment via a bill payment service, an international payment, an off-line purchase, and a cash withdrawal at a self-service financial transaction terminal.

Support for the new claims is found throughout the specification and in the claims as detailed below. Accordingly, no new matter has been added.

Claim Rejections-35 U.S.C. 112

The foregoing amendment of claims 19, 21, and 22 corrects "trust account" to "transaction account".

Claim Rejections-35 U.S.C. 103

Claims 1-66 stand rejected under 35 U.S.C. 103(a) over Schutzer (U.S. 6,292,789 B1) in view of "Citibank.com" web page printouts, excerpts from "Quicken 99 for Windows for Dummies" by Nelson, and Schraeder et al (U.S. 5,903,881). The rejection is respectfully traversed and reconsideration is requested.

According to one aspect of applicants' claimed method for making on-line payments, if the user enrolls and designates a credit card account as the user's source account for withdrawing funds for the on-line payments, the funds withdrawn for a payment show up as a purchase on a statement for the designated credit card account. This is an important aspect, because the payment does not appear on the user's designated credit card account as a cash advance with associated fees and interest. (Spec. p. 13, lines 5-9).

In another aspect of applicants' claimed invention, in utilizing funds in the user's transaction account for making an on-line payment, the user at a user terminal enters an email address and payment amount for a recipient to a payments engine via a network, and the payments engine notifies the recipient by email at a recipient terminal of the payment and prompts the recipient to enroll for the on-line payments service. If the recipient elects to enroll, the recipient at the recipient terminal enters a designation of a recipient account to receive the payment to the payments engine via the network, and the payments engine applies the payment amount to the recipient account. Otherwise, if the recipient declines to enroll, the payments engine arranges a courtesy check for the payment amount to the recipient. (Spec. p. 12, lines 3-29). In addition, if the recipient designates a credit card account as the recipient account, the payment amount is applied to the recipient credit card account as a payment. This is likewise an important feature, because there is no degradation of points or cash back on the recipient's designated credit card account. (Spec. p. 13, lines 1-4).

In an international payments aspect of applicants' claimed invention, when the user at the user terminal selects an option for the international payment, the user is prompted by the payments engine via the network for entry of a selection of an option

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for either a payment by wire or a payment by check. If the user selects the payment by wire, the user at the terminal enters banking and wire settlement information via the network to the payments engine in response to a prompt. Otherwise, if the user selects the payment by check, the user enters information concerning a recipient, a country, a currency, and a payment amount in response to a prompt by the payments engine. Thereafter, the payments engine displays an exchange rate and fee for the payment for the user at the terminal via the network. (Spec. p. 23, lines 10-26).

In a service levels aspect of applicants' claimed invention, the payments engine identifies characteristics of the user from the user's enrollment information indicative of a predefined service level for the user and appends a level indicator for the user to an enrollment file for the user corresponding to the predefined service level for the user. Thereafter, when the payments engine receives the user's designation of a source account for withdrawing funds for the on-line payments service, the payments engine provides a transaction account and graphical user interface for the user with a user service level corresponding to the appended level indicator. The user is then allowed to use the transaction account for transactions via the payments engine in response to prompts displayed on the graphical user interface for the user at the terminal according to predetermined transaction parameters established for the user service level. (Spec. p. 20, lines 14-25).

The above-noted aspects of applicants' claimed invention are not disclosed or suggested by Schutzer, the "Citibank.com" web page printouts, the excerpt from "Quicken 99 for Windows for Dummies" by Nelson, and/or Schraeder either separately or in any combination.

The examiner considers that, although Schutzer does not disclose the complete details of enrollment and banking, Schutzer *discloses* all the elements of claims 1-66 regarding a list including:

- International on-line bill payments and purchases,
- Payments,
- Transaction accounts,
- Multiple service levels,

- Off-line payment and purchases,
- Cash withdrawals,
- Credit card account payments,
- Receiving enrollment information and account designation, and
- Maintaining funds in accounts.

On the contrary, however, Schutzer discloses a system and method for electronic bill presentment and payment for customers utilizing an application hosted on the server of a billing service provider that receives billing data from billers for their customers, including a bill template, billing content, and temporary resources, such as advertising, for each biller. The service provider's biller application automatically formats bills from the billing data and sends the formatted bills in the form of an electronic document to a document server that stores the billers' bills for a particular customer (Abstract). A customer service provider presents the bills to the customer, along with the customer's other bills, via a customer terminal coupled to the document server, and the customer service provider has a system linked to the payment processor (Col. 3, lines 47-62). When the customer accesses the storage location, the customer either pays the bill by encrypting and sending digitally signed electronic mail with a payment instruction to his or her payment processor, or the customer can pay the bill from his or her home banking/bill payment personal finance software, which interfaces to the payment processor (Col. 15, lines 3-36).

According to Schutzer, if the customer pays by electronic mail, or interfaces directly to the payment processor other than through his or her home banking/bill payment software, the payment instruction is encrypted and digitally signed. If the payment is made through the home banking/bill payment software, some equivalent form of authentication is required, e.g., a password or PIN number protection over an encrypted SSL link with the customer service provider to provide security. The payment instruction is linked to the bill remittance information and returned to the bill service provider and the customer service provider, which generates payment coupons. The payment processor decrypts and authenticates the payment instruction, and then clears and settles the payment using an ACH authorization. When the

biller's bank payment processor receives payment and credits the biller's account, the payment processor acknowledges receipt of funds to a tracking entity (Col. 15, lines 3-36).

Schutzer is designed and implemented as a system for electronic delivery of bills from billers to their customers and electronic delivery of subsequent payments from the customers to the billers that utilizes a distributed approach to bill presentment, in which the commerce document server is distributed and independently managed by cooperating bill and customer service providers, and each service provider maintains its own system on behalf of its customers (Col. 7, line 66-Col. 8, line 15) . The distributed approach of Schutzer enables any biller to present bills to any service provider utilizing standards and conventions that allows billers' customers to sign up with the customers' bill consolidators' and billers to sign up with the billers' consolidators, and they can find one another using e-mail and standard message protocols over a communications network (Col. 8, lines 39-58). Schutzer does not teach or suggest the method and system for on-line payments as contemplated by applicants' claimed invention.

The examiner considers further that the "Citibank.com" web page printouts **disclose** all the elements of claims 1-66 regarding a list including:

- On-line banking,
- Personal banking,
- Several levels of banking service,
- Debit accounts and money market accounts (deposit account),
- Savings accounts (save for later),
- Checking accounts (transaction accounts and deposit accounts),
- Credit card accounts and credit lines (credit line),
- Access and transaction cards (ATM cards used at an ATM),
- Bill payment services,
- Fund transfers and ABA numbers,
- International payments, and

- Conducting and viewing banking activities over the Internet.

However, the "Citibank.com" web page printouts are undated except by an anonymous handwritten copyright notice on one of the sheets. A separate sheet listing numerous dates and stapled to the web page printouts sheds no light on the publication dates of the printouts. The "Citibank.com" web page printouts are not demonstrated to be prior art under 35 U.S.C. 102. Nevertheless, the "Citibank.com" web page printouts disclose nothing more than a listing of names (in most cases by trade name or trademark) of various services offered by a global financial institution, without any description of how such services are performed, much less the method and system specified by the present claims. Schutzer in view of the "Citibank.com" web page printouts do not teach or suggest the method and system for on-line payments as contemplated by applicants' claimed invention.

The examiner considers also that the excerpts from "Quicken 99 for Windows for Dummies" *disclose* all of the elements of claims 1-66 regarding a list including:

- On-line bill payments,
- Separate accounting for cleared checks (held money features); and
- Additional accounts including petty cash, savings, and liability (save for later feature).

The excerpts from "Quicken 99 for Windows for Dummies" disclose use of Intuit's well-known Quicken home banking software that connects a bank customer's desktop to the bank's home banking server for home banking services, such as bill payment services or online access to the customer's accounts with the bank. The bank customer can furnish details for payment of the customer's bills to the bank via the home banking software and have the bank issue checks to pay the customer's bills, or the customer can check one or more account balances and transfer funds between the customer's accounts with the bank. Schutzer in view of the "Citibank.com" web page printouts and the excerpts from "Quicken 99 for Windows for Dummies" by Nelson do not teach or suggest the method and system for on-line payments as contemplated by applicants' claimed invention.

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In addition, the examiner considers that Schrader et al. *discloses* claims 14, 23, 24, 32, 46-47, 56-57 and 66 regarding save for later and held money portions of the transaction account.

Schrader et al. likewise discloses Intuit's well-known home banking software product with a focus on the integrated user interface aspect that shows information from the customer's bank in a window that provides financial institution data (cleared transactions, and cleared balance) and customer data (transaction instructions, uncleared transactions and combined balance) in another window that allows the customer to see the amount of funds available for each bill payment in the customer's bank account without having to navigate between multiple different program modules and interfaces. Likewise, the bank customer can furnish details for payment of the customer's bills to the bank via the home banking software and have the bank issue checks to pay the customer's bills, or the customer can check one or more account balances and transfer funds between the customer's accounts with the bank (Col. 6, lines 38-67). Schutzer in view of the "Citibank.com" web page printouts, the excerpts from "Quicken 99 for Windows for Dummies", and Schraeder et al. do not teach or suggest the method and system for on-line payments as contemplated by applicants' claimed invention.

The examiner further considers that it is *inherent* from Schutzer and the "Citibank.com" web page printouts that:

- Banks offer checking and savings accounts and credit cards and other bank services, including bill payment services and ATM cards,
- Customers use such services for payment/deposit, either on-line or off-line, up to their balance or credit limit, to pay credit card balances or to use a credit line to make payments or deposits in US or foreign currency and can maintain any amount of money in their accounts,
- "Know your customer" rules apply information required to open an on-line banking account and enroll in bill payment services,
- All needed transaction identification usernames and passwords are agreed to at the time of opening an on-line banking account/payment

system enrollment and conveyed to the bill payment service or other organization operating a payment service, such that transaction validation may be accomplished and information regarding dispute resolution is exchanged,

- All payments out of customer accounts are done only upon instructions from the customer,

- Fund transfers require a back end validation to confirm that the user is the owner of the payment source account,

- Credit lines, such as loans or overdraft features can be arranged upon request to flow into checking account (transaction account), and

- Any credit card transactions commonly involve providing information regarding the card number, the expiration date, some type of identification identifier, and a payment authorization;

that *inherent* from the excerpts from "Quicken 99 for Windows for Dummies" are:

- Fund transfers including ABA numbers,

- Account numbers,

- Person to person payment service (user sending and receiving funds out and into their transaction account); and

that it is *inherent* from Schrader et al. that:

- Uncleared checking account balance becomes the held money and save for later portion of the transaction account by writing a check not intended to be cashed (for the purpose of savings), within the checking (transaction) account.

Contrary to the examiner's position, the cited references fail to disclose, explicitly or inherently, applicants' claimed invention. Further, the examiner fails to provide any basis to support his conclusion that the cited references inherently disclose any features of the method and system for making on-line payments specified by the present claims. Nor do the cited references include any description of the various features relied on by the examiner in rejecting the claims. The examiner's assertion of inherency of the claimed invention in the cited references without an

explanation by the examiner of the pertinence of the cited references to the rejected claims leaves the applicants in the position of being unable to consider an amendment with a view to avoiding the rejection.

Nor does the examiner provide any basis in fact and/or technical reasoning to support the examiner's contention that the rejected claims inherently read on the cited references. The examiner's rejection of all claims in the application consists of a recitation by the examiner of lists of services accompanied by the examiner's conclusion that all of the claims in the application are inherent to the cited references. The fact that a certain characteristic or result may occur or be present in the prior art is not sufficient to establish inherency of that characteristic or result. Rather, the allegedly inherent characteristic or result must necessarily flow from the teachings of the cited prior art. The examiner's recitation of the assorted services accompanied by the examiner's conclusion that all the claims in the application are inherent to the cited references, without any basis in fact and/or technical reasoning, does not support the examiner's conclusion that the allegedly inherent elements of applicants' claimed invention must necessarily flow from the mere mention of certain elements in the cited references.

If the examiner's rejection of all the claims is based on facts that are not disclosed in the references cited by the examiner, but that are, for example, within the personal knowledge of the examiner, unless those facts and a supporting basis for those facts are clearly communicated by the examiner, the applicants have no basis to consider a contradiction or explanation of those facts or an amendment with a view to avoiding the rejection. Absent any basis in fact and/or technical reasoning to reasonably support the examiner's contention that the applicants' claimed invention is inherent to the cited references, claims 1-66 should not have been rejected, and the rejection should be withdrawn. The examiner's conclusion of inherency is respectfully traversed, and a demand is made for evidence to support such statements and an opportunity for the applicants to consider a contradiction or explanation of those facts or an amendment with a view to avoiding the rejection.

In addition, the examiner considers that the following were all *common practices* at the time of the invention and therefore would have been obvious:

- To have used an on-line banking checking account as the transaction and hub account for an on-line payment service, and to use as a save for later feature:
    1) A savings account
    2) A check to cash recorded in the petty cash account
    3) An unissued check notation in the transaction checkbook regarding set-aside for a save for later amount that would not be cashed but would become a held money amount;
- To use a checking account number as a method of making payment for a purchase;
- To use a debit card to make charges to a checking (transaction) account for purchases, payments, and fund transfers;
- For the user to provide instructions to the financial institution regarding any fund transfers involving either the transaction account or the credit line; and
- For there to be an identification/validation process upon request for any transaction involving those two sources of funds.

Although there may be instances of facts outside the record that are capable of instant and unquestionable demonstration, the examiner's present unsupported statement of "common practice" constitutes a statement of fact as to the state of the art in the banking and financial industry that is subject to rational disagreement among reasonable men. Rather than simply filling in gaps that might exist in the examiner's evidence, the examiner's statement of "common practice" comprises the principle evidence upon which the rejection is based. Further, without any description or explanation by the examiner of the prior art relied on, the examiner's statement of "common practice" is so broadly vague and sweeping as to give the appearance that the examiner views the application as simply devoid of patentable subject matter and leaves the applicant in the position of being unable to have a fair

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opportunity to reply or to consider an amendment with a view to avoiding the rejection.

If the examiner's apparent view that the application is devoid of patentable subject matter is based on facts that are, for example, within the personal knowledge of the examiner, unless those facts and a supporting basis for those facts are clearly communicated by the examiner, the applicant has no basis to consider a contradiction or explanation of those facts or an amendment to avoid the rejection. The examiner's statement of "common practice" is respectfully traversed, and a demand is made for evidence to support such statements and an opportunity for the applicants to consider a contradiction or explanation of those facts or an amendment with a view to avoiding the rejection.

The references asserted by the examiner do not teach or suggest the claimed invention separately or in combination with one another. The system and method of applicant's claimed invention provides major advantages over bill payment services like Schutzer and Quicken. In such bill payment services, a user signs up his or her regular checking account as the funding source to pay bills and each month proactively pays his or her bills electronically or designates recurring bill payments out of the checking account. For example, the user goes on-line via the Internet and picks the bills and the amounts that the user wants to pay, and on the same day, the user's checking account is debited for the amounts indicated. Thereafter, if the payee, such as the telephone company, has a capability to receive an electronic payment, the payee receives an electronic funds transfer made from the user's checking account by the bill payment provider directly to the payee. If the payee, such as the user's gardener, has no such capability, the payee is sent a check that is cut for the particular bill payment, and the gardener receives the check in the mail.

The bill payment aspect is not the central focus of applicants' claimed method and system for on-line payments. Rather, it is simply one aspect that is integrated into the on-line payment service that provides an option, for example, to a recipient of an on-line payment to use a received payment to pay the recipient's bills via a bill payment service provider. In applicants' claimed invention, the bill payment aspect

enables the customer to facilitate the payment of bills and the presentment of the customer's bills via the Internet (Spec. p. 22, line 26-p. 23, line 5). However, applicants' claimed invention provides a single place for users, such as customers and recipients, to go to transact all of their payments, whether person-to-person payments or merchant payments, using any available bilateral payment process or private payment activity between individuals, such as paper checks through the ACH system or a credit card to the merchant's system (Spec. p. 21, lines 14-25).

Version With Markings to Show Changes Made

Amendments in the Claims:

In accordance with 37 CFR 1.121(c), the following versions of the claims as rewritten by the foregoing amendment show all the changes made relative to the previous versions of the claims.

19.   (Amended) The method of claim 18, wherein allowing the user to utilize the transaction account as the hub further comprises allowing the user to use the [trust] transaction account for receiving a person-to-person payment.

21.   (Amended) The method of claim 20, wherein allowing the user to fund the transaction account with funds withdrawn from the designated source account further comprises allowing the user to fund the [trust] transaction account with funds withdrawn from at least one of a credit card account and a deposit account as the source account.

22.   (Amended) The method of claim 21, wherein allowing the user to fund the [trust] transaction account with funds withdrawn from the deposit account further comprises allowing the user to fund the trust account with funds withdrawn from the deposit account consisting of at least one of a checking account, a debit account, and a money market account as the source account.
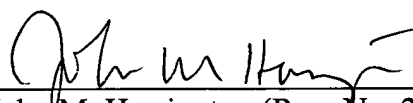
With respect to new claims, and in accordance with 37 C.F.R. §1.121(c)(1)(ii), a marked up version does not have to be supplied for an added or deleted claim.

Conclusion

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the Examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The Examiner is respectfully invited to telephone the undersigned at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

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